

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5191-05  
Bill No.: HCS for SB 981  
Subject: Capital Improvements; Cities, Towns, and Villages; Fire Protection; Law Enforcement Officers and Agencies  
Type: Original  
Date: May 4, 2010

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Bill Summary: This proposal modifies various provisions relating to political subdivisions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
General Revenue	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, and Soil and Water	(Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Sections 94.510, 94.550 & 94.577**

In response to identical legislation filed this year (HB 1442, 3380-01), the following responded:

Officials from the **Department of Revenue** and the **Office of the State Treasurer** each assumed the proposal would have no fiscal impact on their respective agencies.

Officials from the cities of **St. Louis, Kansas City, Springfield** and **Columbia** did not respond to our request for fiscal impact.

**Oversight** collected municipal sales tax rate information from the Department of Revenue for the following cities:

St. Louis	4.016%
Kansas City	2.375%
Columbia	2.000%
Jefferson City	2.000%
Springfield	1.375%

**Oversight** does not have information regarding the breakdown of these sales tax rates into general sales tax and sales taxes dedicated to other things such as capital improvements, transportation, public transit, public safety, and parks and recreation.

Since the proposal states ‘cities that have already imposed and collected taxes under this section may continue to collect such taxes under this section without further approval by the voters as a continuation of a tax previously approved by the voters of the city’, **Oversight** will assume the proposal would not have a direct fiscal impact on existing sales tax rates. The proposal may have a fiscal impact on municipalities in the future that intend to implement a new sales tax or increase their existing sales tax rates.

Section 144.018

In response to similar legislation filed this year (SB 928, 4870-04), the following responded:

Officials from the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assumed this proposal would not result in additional costs or savings to their organization. BAP officials noted that the proposal would add definitions to the sales tax statutes regarding sales for resale, and assume the proposal would have a significant impact on general and total state revenues. BAP deferred to the Department of Revenue for an estimate of the impact.

Officials from the **Department of Conservation (MDC)** assumed this proposal could have a negative impact on MDC funds; however, MDC was not able to provide an estimate of the impact and deferred to the Department of Revenue for that estimate.

Officials from the **Department of Elementary and Secondary Education** assumed this proposal would have no fiscal impact on their organization, and deferred to the Department of Revenue for an estimate of the fiscal impact to the state.

Officials from the **Department of Natural Resources (DNR)** assumed this proposal would make certain purchases made for resale exempt or excluded from sales and use tax if the subsequent sale is taxed in the state or another state, is for resale, is excluded from tax, is subject to tax but is exempt, or is exempt in another state where the subsequent sale occurs.

The proposal would clarify that operators of amusement parks and places of entertainment or recreation, including games or athletic events, must charge sales taxes on the amount of gross receipts charged for admission, but any subsequent sale of the admissions or seating accommodations would not be subject to sales tax.

ASSUMPTION (continued)

This proposal would clarify that operators of hotels, motels, taverns, restaurants, drugstores, dining cars, or tourist camps must charge sales taxes on the amount of gross receipts charged for all rooms, meals, and drinks furnished at the establishment, but any subsequent sale of those same rooms, meals, and drinks would be exempt from sales tax.

Adding exemptions from sales tax would decrease the amount of funding available in the Parks and Soils Sales Tax Funds. These funds have been used for the acquisition and development, maintenance and operation of state parks and historic sites and to assist agricultural landowners through voluntary programs.

Officials from the **Department of Revenue** (DOR) assumed a previous version of this proposal would not have a fiscal impact on their organization, but would reduce total state revenue.

**Oversight** will indicate an impact in excess of \$100,000 per year to the General Revenue Fund and to local governments. Since the sales tax rates for other state funds which receive sales tax revenues are lower than for the General Revenue Fund, Oversight will indicate unknown losses for those funds.

Officials from the **City of Centralia** assumed this proposal would have no fiscal impact on their organization.

Officials from the **Parkway School District** assumed a previous version of this proposal could affect sales tax revenues but costs cannot be estimated at this time.

Officials from **St. Louis County** assumed a previous version of this proposal would have an insignificant impact on their organization.

Section 144.030

Officials from the **Division of Budget and Planning** state this proposal provides a sales tax exemption for certain sales of utilities by sports authorities. This proposal will reduce general and total state revenues, and local revenues, by an unknown amount.

In response to similar legislation filed this year (SB 580, 3635-07), the following responded:

Officials from the **Department of Natural Resources** assumed this proposal would exempt all sales of utilities by a sports complex authority at the authority's cost that are consumed in connection s with the operation of a sports complex leased to a professional sports team. This proposed change could result in an unknown decrease of revenue to the Parks and Soils Sales Tax Funds.

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ASSUMPTION (continued)

Officials at the **Missouri Department of Conservation (MDC)** stated that this proposal could have a significant negative fiscal impact on MDC funds which could exceed \$100,000 annually. However, MDC is unable to provide an exact amount and will rely on DOR for the fiscal impact of this legislation.

Officials at the **Missouri Department of Transportation** defer to Department of Revenue for impact.

Officials at the **Department of Revenue (DOR)** assumed DOR will be required to revise exemption letters and notify the entities of the change, including a new exemption letter. This will create a mailing of approximately 26,000 at a cost of about \$0.505 per mailing (\$13,130).

**Oversight** will indicate an unknown negative fiscal impact for the state general revenue fund and for those other state funds which receive sales tax revenues, and for local governments.

Section 144.817

Officials from the **Division of Budget and Planning** state this proposal provides an exemption from local sales tax law for donations for certain personal property. This proposal will reduce local revenues by an unknown amount.

**Oversight** will indicate an unknown negative fiscal impact for local governments.

Section 1

Officials from the **Division of Budget and Planning** state this proposal provides an exemption from local sales tax law for gratuities. To the extent that gratuities may have been taxed in the past, this proposal will reduce local revenues.

**Oversight** will indicate an unknown negative fiscal impact for the state general revenue fund and for those other state funds which receive sales tax revenues, and for local governments.

Section 2

Officials from the **Division of Budget and Planning** state that any sales or lodging taxes on transient accommodations shall be paid only on the actual amount received by an operator. This proposal appears to codify the current intent of the law, and will therefore have minimal impact on general and total state revenues, or local revenues.

**Oversight** assumes there would be no fiscal impact to state or local governments.

KG:LR:OD

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
<u>Losses</u> - sales tax exemptions (Section 144.018)	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<u>Losses</u> - sales tax exemptions (Section 144.030 & Section 1)	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown exceeding \$100,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Losses</u> - sales tax exemptions (Sections 144.018, 144.030 & Section 1)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>PARKS, AND SOIL AND WATER FUND</b>			
<u>Losses</u> - sales tax exemptions (Sections 144.018, 144.030 & Section 1)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Losses</u> - sales tax exemptions (Sections 144.018, 144.030 & Section 1)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Losses</u> - sales tax exemptions (Sections 144.018)	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<u>Losses</u> - sales tax exemptions (Section 144.030, 144.817 & Section 1)	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>(Unknown exceeding \$100,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>

#### FISCAL IMPACT - Small Business

##### Section 144.018

This proposal would define certain types of transactions as taxable or not taxable retail sales and would create an additional category of business exempt from sales and use tax. Therefore, the proposal could have an impact to small businesses involved in the specific types of transactions addressed.

#### FISCAL DESCRIPTION

##### Section 144.018

The proposed legislation would define certain purchases made for resale as not taxable sales at retail.

##### Section 144.030

The proposal provides a sales tax exemption for certain sales of utilities by sports authorities.

##### Section 144.817

This proposal provides an exemption from local sales tax law for donations for certain personal property.



FISCAL DESCRIPTION (continued)

Section 1

This proposal provides an exemption from local sales tax law for gratuities.

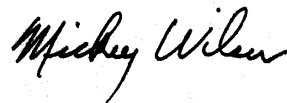
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Office of the State Treasurer  
Office of Secretary of State  
Office of Administration  
    -Division of Budget and Planning  
Department of Conservation  
Department of Elementary and Secondary Education  
Department of Natural Resources  
City of Centralia  
Parkway School District  
St. Louis County  
Missouri Department of Transportation

NOT RESPONDING

City of St. Louis  
City of Kansas City  
City of Springfield  
City of Columbia



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